

The Standard Industry Fare Level Methodology for Determining
Change in Operating Expense per Available Seat-Mile,
Domestic Operations of the Major Carriers

Y.E. March 2001

Total Operating Expense 1/ (000)	\$72,067,692
Less: Property and Mail Revenue 2/ (000)	\$1,904,495
Charter Revenues 3/ (000)	\$253,473
Transport Related Expense 4/ (000)	\$2,814,379
Passenger Operating Expense (000)	\$67,095,345
Passenger Fuel Cost 5/ (000)	\$9,512,086
Passenger Non-Fuel Cost (000)	\$57,583,259
Scheduled Service Available Seat-Miles (millions)	658,639
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08743
Fuel Expense per Seat-Mile (\$)	0.01444
Total Expense per Seat-Mile (\$)	0.10187

Y.E. March 2000

Total Operating Expense 1/ (000)	\$65,295,179
Less: Property and Mail Revenue 2/ (000)	\$1,877,258
Charter Revenues 3/ (000)	\$280,246
Transport Related Expense 4/ (000)	\$2,293,096
Passenger Operating Expense (000)	\$60,844,579
Passenger Fuel Cost 5/ (000)	\$6,729,302
Passenger Non-Fuel Cost (000)	\$54,115,276
Scheduled Service Available Seat-Miles (millions)	648,745
Non-Fuel Operating Expense per Seat-Mile (\$)	0.08342
Fuel Expense per Seat-Mile (\$)	0.01037
Total Expense per Seat-Mile (\$)	0.09379

Estimated Expense per Available Seat-Mile at April 1, 2001

Percent Change in Non-Fuel Unit Expense 6/ (%)	4.81
Projected Change in Non-Fuel Unit Expense from Y.E. March 31, 2001 to April 1, 2001 7/ (%)	2.38
Percent change in Unit Fuel Expense 6/ (%)	39.23
Estimated Change in Fuel Cost at April 1, 2001 8/	(1.00)
Non-Fuel Expense per Available Seat-Mile at April 1, 2001 9/	0.08951
Fuel per Available Seat-Mile at April 1, 2001 9/	0.01430
Total Expense per Available Seat-Mile at April 1, 2001	0.10380

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Estimated Expense per Available Seat-Mile at April 1, 2001 0.10380

Projected Expense per Available Seat-Mile at July 1, 1977 0.04549

Cost Adjustment Factor at April 1, 2001	2.28189
Cost Adjustment Factor at October 1, 2000	2.21809
Percentage Change From Preceding Period:	2.88

D.P.F.I. Formula Effective July 15, 1977 11/

Terminal Charge	\$16.16	
Plus: (\$)	0.0884	per mile (0-500 miles)
	0.0674	per mile (501-1,500 miles)
	0.0648	per mile (Over-1,500 miles)

S.I.F.L. Formula Effective January 1, 2001 through June 30, 2001 12/

Terminal Charge	\$36.88	
Plus: (\$)	0.2017	per mile (0-500 miles)
	0.1538	per mile (501-1,500 miles)
	0.1479	per mile (Over-1,500 miles)

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- 1/ Total Operating Expense, all services, for the following major carriers: AS, HP, AA, MQ, TZ, CO, DL, NW, WN, TW, UA, and US.
 - 2/ Total scheduled service cargo revenue. Includes all mail, freight, express and excess baggage revenues.
 - 3/ Total non-scheduled revenue times .95, assuming charter operations would only be conducted at a profit.
 - 4/ Sum of lesser of Transport Related Revenues or Expenses, by carrier. If expenses are greater than revenues, the difference is subtracted from expense.
 - 5/ Total fuel cost, times complement of Property and Mail Revenue to Total Operating Expense.
 - 6/ Change in unit rate from one year to the next.
 - 7/ Percentage change (ratio) in Non-Fuel Unit Expense raised to the .50 power. (Unit rate projected six months from the midpoint of the base year to the midpoint of the six-month projection period.)
 - 8/ Page 3.
 - 9/ Operating Expense per Seat-Mile for the Y.E. March period, times percentage changes, above.
 - 10/ Year Ended March 1977 cost per ASM, times cost escalation factor of 1.04543 (to July 5, 1977). See D.P.F.I. Workpapers, Y.E. March 1977, and C.A.B. Order 80-12-96, which incorporated the capitalized lease adjustment required under F.A.S.B. standard 13.
 - 11/ Order 77-7-26.
 - 12/ D.P.F.I. Fare Formula effective July 15, 1977, times Cost Adjustment Factor at April 1.

Fuel Price Per Gallon, Domestic Operations
of the Major and Large Regional Carriers

<u>Month</u>	<u>Average Price per Gallon (cents)</u>	<u>Change From Preceding Month (%)</u>
1999-June	49.09	N.A.
1999-July	50.33	2.53
1999-August	53.67	6.64
1999-September	55.14	2.74
1999-October	58.53	6.15
1999-November	59.58	1.79
1999-December	61.68	3.52
2000-January	69.00	11.87
2000-February	72.49	5.06
2000-March	74.54	2.83
2000-April	73.32	-1.64
2000-May	70.81	-3.42
2000-June	68.24	-3.63
2000-July	77.34	13.34
2000-August	79.29	2.52
2000-September	88.78	11.97
2000-October	88.00	-0.88
2000-November	87.33	-0.76
2000-December	90.25	3.34
2001-January	85.10	-5.71
2001-February	84.42	-0.80
2001-March	79.21	-6.17
2001-April	76.83	-3.00
2001-May	77.57	0.96
2001-June (estimated)	78.00	0.55
Estimated Fuel Cost/Gallon at April 1, 2001 1/		80.10
Fuel Cost/Gallon for Y.E. March 2001		80.91
Percentage Change (%)		-1.00

1/ Estimated average cost for the six months ended June 2001,
June estimated.